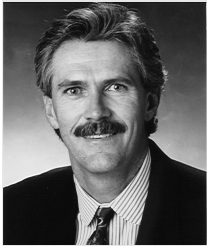


"Nothing is so well learned as that which is discovered." - Socrates

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Exactly a decade ago I had the privilege of helping design and implement the LeaderLab program at the Center for Creative Leadership. The program was billed as a "leadership program for the 90's and beyond." The mantra for the program was "learning that involves head, heart and feet." Participants needed to understand the models and theories of Leaderlab. They also needed to understand these models in a way that created a deeper meaning for them and their leadership challenges and, finally, the question "Does knowledge and understanding matter if no action is taken" had to be addressed.

Business savvy MBA's quickly grasp the "head part" of leadership training. The "heart and feet part" is more of a challenge. It is at this level of learning that cliches are transformed into wisdom. At DLI we believe experiential activities can effectively and efficiently deepen learning.

We have had real success over the past two years using Paper Planes, Inc. as a tool for enhancing participants' understanding of their Organizational Culture Survey results. Let's face it, organizational culture is a somewhat abstract concept to get your hands around. When we combine Paper Planes, Inc. with the Denison Organizational Culture Survey, the level of understanding of the culture data increases dramatically. The culture comes alive in the room and participants experience first hand the impact of their culture on performance. More importantly participants start to understand that they are the culture and that changing organizational culture starts with personal change and commitment.

Chris Musselwhite, President

A Performance Culture

Article and interviews by Randell Jones

“What do you think *adaptability* and *market share* have in common?” Bill asked us recently in a casual conversation. “How about *mission* and *return on assets*, or *consistency* and *sales growth*?” Well, like most business people, we had our own ideas, but we knew Bill Neale, well-known business consultant, had a special point to make, so we continued listening as he shared his thoughts with us on organizational culture and its influence on company performance.

“Research has proven what many leaders have long suspected: organizational culture makes a measurable difference in business performance.”

“Most people agree that these terms seem vaguely related in a business sense; but the fact is they are directly connected,” Bill continued.

“Defined as identifiable traits of an organization’s culture, people issues such as Adaptability, Mission, Consistency and Involvement are directly and predictably related to the bottom-line financial performance of any organization. Moreover, research shows that those companies who maintain a high level of Involvement enjoy a two-to-one advantage in return on assets over those companies that score low on this trait. And other measures of how well an organization develops and uses people as assets have similar relationships. The truth is,” Bill concluded, “organizational culture, which many have

(continued on page 2)

Denison Model

The four quadrants of the model represent four cultural traits. Each quadrant includes three indexes of managerial practices that are linked to each of the traits. The traits and the indexes are presented in terms of two underlying dimensions, *flexibility vs. stability* on the horizontal axis and *external vs. internal* focus on the vertical axis.

All four traits are positively correlated with Return on Assets, but some of the traits were more closely linked to other organizational effectiveness measures as shown in figure 1. Using this framework, one can understand how each set of traits may impact specific performance measures and an organization's bottom line.

(Continued from page 1)

always thought of as the soft side of business, does have a hard impact on business results.”

Making the Connection

Today, employees are the business asset with the greatest potential for leveraged performance; therefore, organizational culture matters more now than it ever has. How people work together and what they believe to be true about their individual and collective purposes makes all the difference in their willingness to work in ways that produce innovative, quality goods and services that continually delight customers. With its organizational systems aligned to perform in that manner, any company is assured of remarkable financial performance. So, if that's the potential, how do leaders identify and work with these powerful elements of organizational culture?

Fifteen years of research into the

cultural traits and management practices of over 1,000 companies and their bottom-line performance have led business professor Dr. Daniel Denison, Ph.D. to develop an understanding of the links between organizational culture and business performance. Through research he began at the University of Michigan Business School in 1984, he has demonstrated statistically strong links between these two dimensions of the organization. As a result of this he and Bill Neale have developed a model for explaining this important connection to financial performance. Denison and Neale also created a Leadership Development tool built on the same model, directed at specific individual behaviors as opposed to organizational culture. The survey gathers the leader's perceptions of self and others and presents the results in the Denison Model, linking the leader's own performance with that of the organization.

Denison Organizational Culture Model and Business Performance Indicators

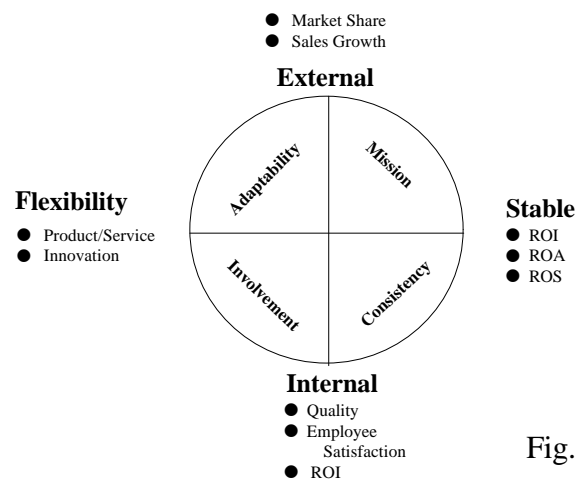


Fig. 1

The Denison Model

Four defined traits identify specific characteristics of the organization's culture:

- Adaptability measures the company's ability to read and scan the business environment and to respond to change.
- Involvement measures the company's ability to drive commitment and to develop ownership with employees.
- Mission defines the long-term direction and purpose of the organization.
- Consistency defines the values, agreement and coordination that hold the company together.

As Bill explained, these four traits can be plotted on a grid of two dimensions: flexibility-stability and internal-external to create a Circumplex. As Figure 1 shows, Adaptability and Mission are focused

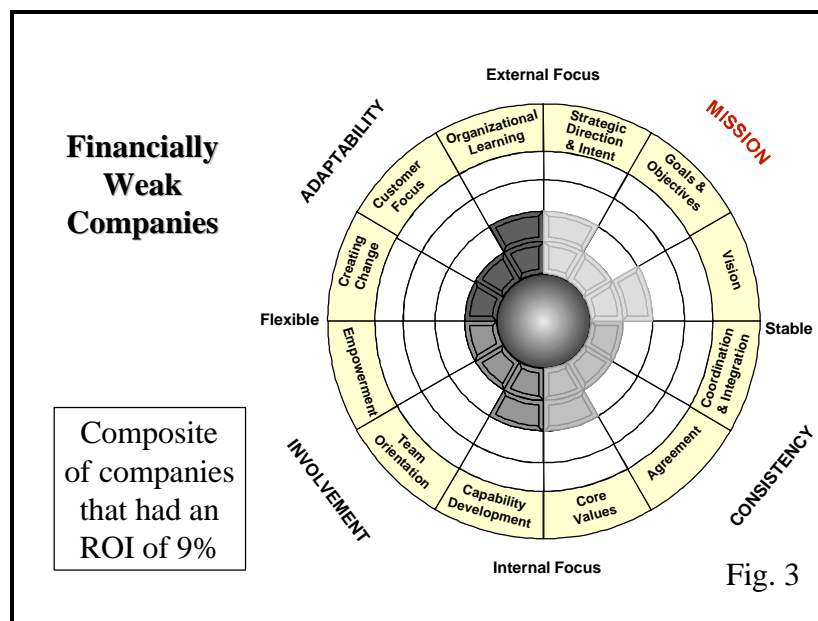
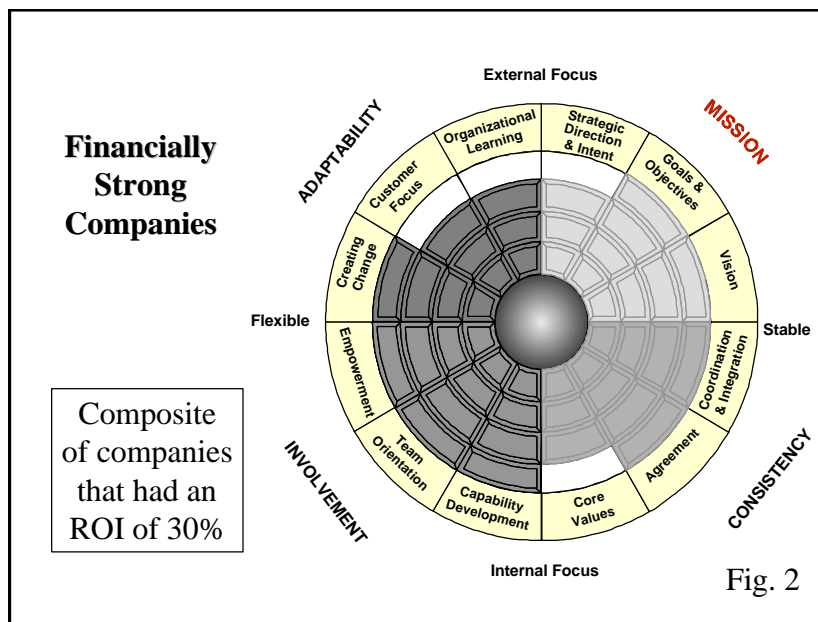
outside the organization on customers, competitors and the industry. Involvement and Consistency are focused inside the organization on people’s commitment and values. Similarly, the traits of Adaptability and Involvement reflect flexibility and a willingness to change. Consistency and Mission, on the other hand, tend to relate more to organizational stability. The relative score of an organization (as determined from the survey results) on each of twelve attributes can be plotted outward from the center by shading each wedge of the Circumplex. In this way, areas of the business culture that are working well or that need attention and improvement can be readily identified.

“In some cases,” Bill added, “combinations of these traits are linked to specific organizational functions. For example, research shows that high measures of Adaptability and Involvement indicate strong product and service innovation. Similarly, Mission and Consistency are linked to measures of performance, ROI, ROA and ROS. In fact, this research proves, organizations strong on all four of these cultural traits (fig 2) have a dramatic financial advantage over organizations that are weak in these areas (fig. 3). By understanding these links and knowing how their organizations score, leaders can target specific areas of their businesses for improvement and confidently anticipate the business impacts those efforts will support.”

DOCS

The Denison Organizational Culture Survey (DOCS) is one available business management tool for evaluating an organization’s underlying people system. It measures people’s attitudes and beliefs about how the organization values their contributions and about how the organization is operated to allow employees to contribute to the organization’s goals. Through using the Denison Model and survey, organizations can:

- evaluate their preparedness to compete and excel in their industry,
- identify their strengths and weaknesses
- determine those areas where they are performing well and contributing to their success and,
- learn where they are vulnerable in their performance.



By comparing their scores on the DOCS to those in a database of other organizations, businesses can determine their relative competitiveness and then can develop or strengthen in priority order those areas of their organization that will allow them to succeed.

Real Changes

The following examples, which Bill shared with us, are typical of how companies are using organizational culture evaluations such as Denison's to monitor and to improve their business performance.

Competitive Advantage

"Recently one of the top half-dozen telecommunications enterprises in the country evaluated its organizational culture in an effort to align it with the business strategy. Competing head-to-head with larger companies, this company chose a business strategy of being the first in the market with innovative products and services. In the words of the CEO, 'The first to the ball, wins it all.' The chief executive knew that he could not personally cause the needed innovation, but he could help create a culture and lead his managers in a way that would foster innovation.

"After evaluating its culture, this company focused on developing and

maintaining the culture traits of Adaptability and Involvement knowing that everything it did to enhance these two traits would keep it on course with its strategy. With the strategy in tact, the company continued to surprise its competition by bringing to the market a string of innovative products and services. The company captured market share and grew sales; and, because it was first to market with innovations, it was able to command a higher price for its products and services."

Mission Accomplished

"In another situation," Bill continued, "a successful engineering/manufacturing business and its founder/CEO were well known for their creativity and innovation. Customers would bring their most challenging projects to this company who would delight them with impressive solutions. But despite the growing number of clients and the increased business that this company attracted, it was not achieving the financial results it wanted. Costs were high and return on assets was low.

"Through evaluating its organizational culture, the business discovered that employees did not have a consistent sense of mission for the organization. Many of the engineers were acting as autonomous entrepreneurs in accepting projects whose completion would give them great personal and professional satisfaction. Without the focus of the

High Praise from CCL

"The Center for Creative Leadership is bringing the Denison Organizational Culture Survey into its fold as one of the ten or twelve instruments we use in our five-day Leadership Development Program. The thing we like most about this feedback tool is the link it makes to return on investment."

Carl Bryant, Vice-President, Technology, at the Center for Creative Leadership (CCL) in Greensboro, recently shared his thoughts on the value and power of evaluating organizational culture as an element of leadership development.

"The appeal of the DOCS is its link between the leadership culture and the bottom-line performance of the organization. But, the survey also gives leaders a chance to step away, look at the feedback and ask, 'If I see our culture differently from how others see it, do I believe we are positioned to do what we say we want to do in terms of mission, goals and strategy? And if not, what actions might I want to take as a leader to align culture and strategy?' It's a powerful tool for strengthening the perceptions of executives to be more effective leaders.

collective purpose of the organization, the company was not being effective in its aggregate learning. Consequently, project costs were continually higher than expected.

“From a survey of employees, this company learned that it scored low in the area of strategic direction, goals and vision. After the company defined its purpose more clearly and improved the general company-wide understanding of the business mission, the engineers began to turn away some business opportunities as being off-purpose. As a result, costs declined and the company reported a better return on assets than it had achieved before.”

Summary

“It’s true,” Bill repeated, “research has proven what many leaders have long suspected; organizational culture makes a measurable difference in business performance.” Organizational culture evaluations are a reliable management tool for helping organizations determine the strengths and weaknesses of their culture and for comparing their performance to that of other organizations. Such analysis helps leaders set priorities for initiatives to change and improve the organization and to align their leadership practices with the organizational purpose. “In my experience and as is proven in the research of Dr. Denison and others,” Bill concluded, “organizational culture makes a real difference in business performance; and organizational culture evaluations help leaders identify and capitalize on that potential.”

Tricks of the Trade

Delivering Bad News to Defensive Clients

contributed by Martha Tilyard

Tilyard Consulting, Greensboro, NC

So you’ve taken the survey, interviewed employees, and normed their group. And it “ain’t a pretty sight”! Now you’ve got to decide how to break the news so that they don’t kill the messenger—and so that they learn from the assessment rather than become entrenched.

It’s important to anticipate and defuse as much defensiveness as possible ahead of the presentation if learning is to take place. Clients see us as “experts” delivering a judgement— if our judgement is negative, it can have a crushing effect.

One way to prepare a group is to lead into the presentation with a simple simulation or exercise which illustrates the behaviors being assessed. Once the group has indeed behaved according to type and culture and discussed that experience, the data is almost reassuring in its confirmation.

Multiple sources of data are preferable. This provides a richer picture and carries greater weight. Consider two or more: survey, interviews, simulations, exercises, in-class discussion, and objective business data (profits, sales, turnover, trends, performance).

Present the data as information, not as a judgement. Allow the group to draw the natural conclusions. Ask the group to talk about how they see themselves as like or unlike the data. Be gentle but clear. It’s not your job to defend or push your conclusions, but to explain how you collected data, what it means in terms of the norm, and how it relates to what you’ve observed. Only then can you lead them in deciding how to deal with the information.



Whats new at DLI

After intense competition, the Canadian Centre for Management Development (CCMD) awarded Discovery Learning the contract to develop and deliver a leadership module for top executives in Canadian Public Service. The module, based on DLI's **Personal Leadership and Organizational Effectiveness** program will become an integral component of a larger cutting-edge initiative aimed at arming executives in the Canadian Government with the leadership skills needed to excel in today's changing environment.

Train the Trainer

Discovery Learning will be conducting a Train the Trainer session on February 22-24th in Greensboro, NC. Participants will have the opportunity to earn certification in Paper Planes, Inc., Change Style Indicator, Denison Organizational Culture and Leadership Surveys and GoalGetter.

Participants can choose to attend one, two or all three days and will receive facilitator guides as a part of their materials. Interest in the program has been strong and there is limited seating. For more information call 800.851.5118.

Next Edition

What's the leading edge in leadership development today? In the Spring edition of **Excursions** we will explore some of the new approaches to leadership development. Through discussion with experts we will focus on how leadership development is increasingly being tied to performance measurements and organizational impact as Executives scrutinize expenditures for soft skill development.

Some of you may notice a few changes in our newsletter's look. From the beginning we planned to evolve Excursions based on input from our friends and colleagues. We welcome your comments and suggestions as we refine our look and format to best suit our mission of providing useful information on learning and development through experiential tools and assessment instruments.

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